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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



2004-43

DARLENE GREEN  
Comptroller

*Internal Audit Section*

Carnahan Courthouse Building  
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St. Louis, Missouri 63101  
(314) 622-4723  
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August 10, 2004

Mr. Gene Stubblefield, Superintendent  
Department of Public Safety – Division of Corrections  
200 South Tucker Blvd.  
St. Louis, Missouri 63102

RE: Payroll Distribution of the City Justice Center (CJC)  
For Pay Period Ending March 20, 2004

Dear Mr. Stubblefield:

The Internal Audit Section of the Comptroller's Office has conducted a payroll distribution observation of the Corrections Division – City Justice Center (CJC) #633 for the pay period ending March 20, 2004.

Enclosed is a report of our payroll distribution of the Division of Corrections – City Justice Center (CJC), for the pay period ending March 20, 2004. The objective of this review was to:

- Determine if eligible City Employees receive wages.
- Determine whether wages are adequately safeguarded.
- Determine if employees are only paid for actual hours worked.
- Determine if the accrual and use of paid leave is accurate.

Our fieldwork was substantially complete on May 18, 2004. Management declined an exit conference to discuss the observations and recommendations noted in the report.

Management responses to the observations and recommendations noted in the report were received on July 30, 2004 and have been attached to the report.

We have made the following observations and recommendations:

1. **Opportunity to Ensure Accrued Leave Balances Agree To Vacation and Sick Leave Report**

During our review, we judgmentally selected a sample of twelve (12) out of two hundred thirty-five (235) employees, from the Division's accrued vacation, sick leave and compensatory leave records and noted the following concerns:

- One (1) employee's sick leave accrual balance on the Vacation and Sick Leave Report did not agree to the Division's internal records.
- One (1) employee's vacation accrual balance on the Vacation and Sick Leave Report did not agree to the Division's internal records.
- Two (2) employee's compensatory time accrual balances on the Vacation and Sick Leave Report did not agree to the Division's internal records.

The Payroll Clerk stated that the adjustments had been submitted to the Payroll Services Section, in the subsequent pay period, but the corrections had not yet been made.

Employee leave accrual balances should accurately reflect the amount of time the employee has available.

**Recommendation**

We recommend that the management of the City Justice Center ensure that sick leave, vacation, and compensatory leave accrual balances maintained by the Division are consistent with leave accruals reported on the Vacation and Sick Leave Report generated by Payroll Services. Also, we recommend the City Justice Center attempt to submit adjustments during the current pay period.

2. **Opportunity to Ensure Employees Are Recorded at the Correct Pay Location**

During our payroll distribution at the City Justice Center we noted that there were thirty-three (33) employees who report to the City Justice Center but are listed on the Payroll Signature Register of the Medium Security Institution (MSI). There are also fourteen (14) employees who report to the Medium Security Institution (MSI) but are listed on the Payroll Signature Register of the City Justice Center.

When we discussed this concern with the Business Manager, he stated that these City Justice Center employees are listed on the MSI Payroll Register because their positions are reported on MSI's budget, and the MSI employees positions are reported on the City Justice Center budget.

This may results in the misapplication of payroll costs to the improper center and circumvents the budget process. Payroll costs that should be charged to the City Justice Center (633) are now charged to MSI (632).

## **Recommendation**

We recommend that the management of the Division of Corrections discuss with the Comptroller's Payroll Section the following:

- Submission of payroll status forms or other necessary forms so that employees are reflected under the center to which they are permanently assigned to work, and
- For those centers that have multiple locations, consider the establishment of separate pay locations.

### **3. Opportunity to Ensure Employees Pick Up Their Payroll Stubs**

During the payroll distribution at the City Justice Center we noted that approximately 21% of the employees who have their payroll checks directly deposited to their personal checking/savings accounts do not consistently pick up their payroll check stubs from the payroll clerks at the end of the pay period. In fact, forty-nine (49) of the seventy-one (71) employees who were not available for the payroll distribution were employees who received their payroll checks by direct deposit.

When we discussed this concern with the Payroll Clerk and the Business Manager, they both stated that since employees know their payroll checks are directly deposited into their personal bank accounts, they do not always make an effort to pick up their payroll stubs.

As a result, payroll stubs for these employees are sometimes held between two (2) to five (5) pay periods before the employee picks up them up from the Payroll Clerk. The stubs are locked in a file cabinet until picked up by the employee. Management considers this a problem.

## **Recommendation**

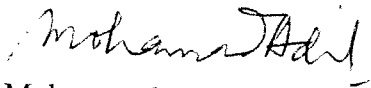
We recommend that management of the City Justice Center:

- Include the requirement for employees to pick up their payroll check stubs from the Payroll Clerk in their Policy and Procedures manual and communicate this requirement to all personnel, and
- Consult with City Counselor and Payroll Services to determine options for final disposition of the employees' payroll stubs.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

If you have any questions, please contact me at (314) 613-7410.

Sincerely,



Mohammad Adil, CPA  
Internal Audit Supervisor

cc: Honorable Darlene Green, Comptroller  
Rita Kirkland, Director of Operations, Mayor's Office  
Marie Jeffries, Executive Assistant, Budget Division  
Kathryn Lawson, Payroll Manager, Comptroller's Office  
Samuel J. Simon, Director of Public Safety  
Patrick Schommer, Executive Assistant, Division of Corrections

Attachment

**CITY OF ST. LOUIS**

FRANCIS G. SLAY MAYOR



WE STRIVE TOWARDS EXCELLENCE  
*Ad Excelleum Conamur*

DEPARTMENT OF PUBLIC SAFETY  
SAMUEL J. SIMON, DIRECTOR  
DIVISION OF CORRECTIONS  
GENE STUBBLEFIELD, SUPERINTENDENT

July 29, 2004

Mr. Keenan McKinney, CPA  
Internal Audit Manager  
Internal Audit Section  
Carnahan Courthouse Building  
1114 Market Street, Room 608  
St. Louis, MO 63101

Dear Mr. McKinney:

The following is the Division of Corrections Management Response to the recommendations by the Internal Audit Section as a result of the Payroll Distribution Audit of the City Justice Center recently completed by the City of St. Louis Internal Audit Section.

**Internal Audit Section Recommendation No. 1**

"We recommend that the management of the City Justice Center ensure that sick leave, vacation, and compensatory leave accrual balances maintained by the Division are consistent with the leave accruals reported on the Vacation and Sick Leave Report generated by Payroll Services."

**Management's Response**

The Division of Corrections Payroll Section reconciles Division employee leave time records to the Vacation and Sick Leave Report generated by the Payroll Services **each** time the report is generated (bi-weekly). There are numerous valid reasons why employee leave time balances must be adjusted, however, these differences are identified as a result of the bi-weekly reconciliation. Because the reconciliation can only be completed after the division receives the Vacation and Sick Leave Report, it is unlikely that the Vacation and Sick Leave Report will ever be consistent to Division records especially since adjustments are always necessary. If evidence is provided to indicate that reconciliations are conducted this should not be an issue of concern unless improper adjustments are made. A valid concern would be if there are differences between the Vacation and Sick Leave Report and Division records which are not identified after the Payroll Section has completed the reconciliation. Management would like to receive a list from the Internal Audit Section identifying those cases in which the Division of

Corrections records of leave time do not agree with the Vacation and Sick Leave Report and the necessary correction has not been identified as a result of the bi-weekly reconciliation and/or the necessary adjustment forms have not been submitted.

**Internal Audit Section Recommendation No. 2A**

"We recommend that the management of the Division of Corrections discuss with the Comptroller's Section on the following:

- Submission of payroll status forms or other necessary forms so that employees are reflected under the center to which they are permanently assigned to work,"

**Management's Response**

Specific information is needed regarding the cases referenced in the Internal Audit Section Report. The Division of Corrections has 2 cost centers 632 (MSI) and 633 (CJC). Cost Center 633 includes 2 programs, Program 1 – CJC Inmate Housing and Program 2 – Intake Services. Cost Center 632 includes 3 programs, Program 1 – MSI Inmate Housing, Program 2 – Parole and Probation, and Program 3 – Administration. Employees of Cost Center 632 may be assigned to Parole and Probation facilities, MSI or CJC. Most of the employees assigned to Program 3 are actually located at CJC. Employees of Cost Center 632, Program 2 – Parole and Probation may be permanently assigned to Parole and Probation facilities, MSI or CJC. The Internal Audit Section report states that, "This results in misapplication of payroll costs to the improper center and circumvents the budget process." Division management does not consider this a valid statement in that so long as the employee is performing functions consistent with the program they are assigned to the issue of where the employee may be performing those duties is irrelevant. Employees are frequently transferred from one cost center to another (primarily Correctional custody staff) due to urgent staffing concerns, however, according to the centers established in the budget process all necessary status forms have been submitted. Management would like to receive a listing of the names of employees identified in the audit to determine if the list includes any employee for which submission of a status form is required but not yet been completed.

**Internal Audit Section Recommendation No. 2B**

"We recommend that the management of the Division of Corrections discuss with the Comptroller's Section on the following:

- For those centers that have multiple locations, consider establishment of separate pay locations."

The Division of Corrections would seem to be in compliance with the second bullet point of this recommendation in that separate pay locations have been established. Upon the

Mr. Keenan McKinney  
July 29, 2004  
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verbal recommendation by staff of the Internal Audit Section the Division now requires employees to pick their checks up at the facility they are assigned to work at. Upon request by the employee the division had been forwarding their check to MSI for pickup to save the employee the inconvenience and cost of driving and parking downtown.

**Internal Audit Section Recommendation No. 3**

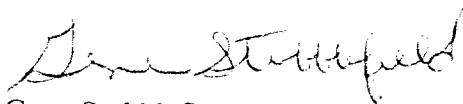
"We recommend that management of the City Justice Center include the requirement for employees to pick up their payroll check stubs from the Payroll Clerk in their Policy and Procedures manual and communicate this requirement to all personnel."

**Management's Response**

All employees have been directed that they must pick up their paychecks and their direct deposit stubs each pay period. The focus should be on the direct deposit stub as there is not a problem with employees picking up actual paychecks. Upon advice from the Internal Audit Section the Division of Corrections will implement a policy directing employees to pick up their paychecks or their direct deposit stubs each pay period. The policy will be enforced by including in the policy a provision whereby employees failing to pick their direct deposit stubs up within 1 pay period will be subject to having their direct deposit service discontinued. Since it is likely that every staff member will violate the policy at least once over the course of a year concerns have been expressed to staff of the Internal Audit Section that implementation of such a policy will likely end all direct deposit service within the Division of Corrections. Nevertheless, staff of the Internal Audit Section felt that implementation of a policy to enforce picking up direct deposit stubs each pay period was critical enough to report as an audit finding.

In that Division of Corrections management staff have communicated with staff of the Internal Audit Section in person and via telephone subsequent to receipt of the draft copy audit report, it is not felt that an exit conference with the Internal Audit Section is needed at this time. Please contact me at 621-5848, extension 1052, if you have any further questions. I would like to thank you and your staff for the assistance and guidance provided to the Division of Corrections on this and previous assignments.

Sincerely,



Gene Stubblefield  
Correctional Superintendent

cc: Samuel Simon, Director of Public Safety